

# MARYLAND NEIGHBORHOOD CONSERVATION INITIATIVE

## Application

Name of Applicant: Montgomery County, Maryland	
<b>1. Address:</b> Department of Housing & Community Affairs 100 Maryland Avenue, 4 <sup>th</sup> floor Rockville, MD 20850	
<b>2. Primary Contact Information:</b> (Name, phone number, email address and Fax #):  Luann W. Korona , Chief, Community Development Phone: 240-777-3600 Email: <a href="mailto:luann.korona@montgomerycountymd.gov">luann.korona@montgomerycountymd.gov</a> Fax: 240-777-3653	
<b>4. List name, address, and contact information for partners that will serve as subgrantees:</b>  Douglas M. Ryan, Assistant Director of Federal Programs Housing Opportunities Commission of Montgomery County, MD 10400 Detrick Avenue Kensington, MD 20895-2484  Phone: 240-773-9157 Fax: 301-949-1882 Email: <a href="mailto:doug.ryan@hocmc.org">doug.ryan@hocmc.org</a>	
<b>5. NCI request:</b> \$ 7,490,000  Total costs \$ 13,063,965+*** *** plus additional local funds for carrying costs, operating expenses, etc.	<b>6. U.S. Congressional District Nos.4, 6, &amp; 8</b> (activity will be primarily targeted in District No. 4 and 8)  State District Nos. 14,15,16,17,18,19, 20 & 39  (activity will be primarily targeted in Districts 14, 15, 18, 19 and 39)
<b>7. Federal ID #:</b> 52-6000098	<b>8. DUNS #:</b> 062014378
<b>9. Did you include maps?</b> Yes <b>Did you include photos?</b> Yes	<b>10. Date of Public Hearing:</b> December 16, 2008 <b>Date of Application:</b> December 19, 2008
<b>11. Did you complete debarment check on the partners identified in the application?</b> Yes	

# MARYLAND NEIGHBORHOOD CONSERVATION INITIATIVE

## Application

### PART A FORECLOSURE IMPACT

Please provide a summary on the impact of foreclosure and sub-prime lending in your community and local efforts to minimize impact.

Information on the impact of foreclosure and sub-prime lending in Montgomery County from the first quarter 2007 through the second quarter 2008 was provided in Montgomery County's Phase I preliminary proposal for NCI funding consideration. Information now available for the third quarter 2008 shows that Montgomery County had the second highest number of foreclosure events, 1,124, in the state during this period. Over 14 percent of all property foreclosure events in the state during this quarter occurred in Montgomery County, with Montgomery County accounting for 19.1 percent of all lender purchases (REO). Lender purchases increased from 76 in the second quarter to 403 in the third quarter. (Source: *Property Foreclosures in Maryland Third Quarter 2008*, prepared by DHCD)

Montgomery County has a comprehensive strategy and multi-faceted approach to mitigating foreclosure impact. For the last year, Montgomery County has organized or participated in dozens of public meetings throughout the county and provided web-site references to reach at-risk homeowners with information on what they can do to save their homes. Sessions have been provided in English and Spanish, with interpretation available in other languages as needed. More than 1,000 persons attended the annual county Housing Fair and Financial Fitness Day on September 27, 2008, an event that this year focused on foreclosure prevention.

The county has provided \$2,700,000 in local funds to match state funding for counseling services, Bridge to HOPE loans and bank guarantees. Given the great demand for housing counseling, the county funded a counselor training session locally, conducted by NeighborWorks America on October 27-28, 2008, to expand the number of housing counselors. Forty-two persons were trained and a follow up course is scheduled for March 9 – 14, 2009. The county is working with three non-profit partners to provide federally-certified housing counseling and is working with four banks to provide additional funds for counseling. PNC bank has already committed \$10,000. In October alone, 539 households were counseled with 251 positive outcomes so far and more expected. The county has identified office space for counselors in high impact areas, partnering with the City of Gaithersburg and the Upcounty Regional Services Center in Germantown. The county also has initiated a vacant, foreclosed properties monitoring program, encouraging local residents to identify properties in their neighborhoods that appear at risk. Over 600 properties have been addressed through this initiative to date with the county coordinating proactive code enforcement and additional police patrols to ensure that impacted neighborhoods are not subject to blight and destabilization.

In addition to the rental initiative for which NCI funding is being requested, Montgomery County is using local funding for homeownership initiatives. The county is providing \$3,500,000 to Habitat for Humanity of Montgomery County to acquire and rehabilitate vacant, REO properties in target areas and is developing a \$3,000,000 locally-funded revolving loan fund for acquisition/rehabilitation of properties and sale to low/moderate income homebuyers.

# MARYLAND NEIGHBORHOOD CONSERVATION INITIATIVE

## Application

### PART B NEIGHBORHOOD CONSERVATION STRATEGY

Please attach your Neighborhood Conservation Strategy as Part B.

#### Overall Strategy

Montgomery County's "Neighborhood Conservation Strategy" focuses on:

- foreclosure prevention, with an emphasis on community education, including outreach, foreclosure counseling and early intervention;
- heightened code enforcement to ensure that the housing in impacted neighborhoods is maintained, vacant properties are secure and neighborhoods remain safe;
- assistance to households facing homelessness, with crisis intervention services provided through the Department of Health and Human Services, local nonprofit agencies and the Offices of Landlord-Tenant Affairs;
- assistance to households victimized by predatory lending practices, with services provided by the Office of Consumer Protection and through pro-bono legal services; and,
- initiatives to support the acquisition/rehabilitation and occupancy of vacant, foreclosed upon homes, providing both homeownership and rental opportunities.

Using NSP and NCI funding for the acquisition, rehabilitation and rental to lower-income households of lender-owned (REO) properties that are vacant, foreclosed upon and located in areas of greatest need, Montgomery County will expand the supply of affordable rental housing, especially for households that require three-bedroom or larger units, while addressing neighborhood concerns. Properties will be owned by the Housing Opportunities Commission and maintained as attractive, affordable housing for the long-term. Households served will have incomes at 50 percent of Area Median Income or below, addressing the critical need for affordable housing for very low-income families.

Montgomery County has an ongoing commitment to enhance energy efficiency as part of any housing rehabilitation work. All properties acquired with NSP/NCI funding will be subject to a thorough energy efficiency evaluation, with appropriate action taken based on this evaluation. Actions taken may include, but are not limited to:

- Conduct blower-door infiltration test of entire structure
- Reduce air infiltration by sealing all openings in building including penetrations, window and door frame openings, chases, sill plates, etc
- Install rigid weather-strips and door sweeps on exterior doors, glazing, glass replacement, minor related carpentry repairs as indicated
- Evaluate water heaters and replace as indicated
- Insulate water heaters to minimum R-11
- Provide additional building insulation as indicated
- Evaluate attic ventilation and modify as indicated
- Evaluate sizing and efficiency of HVAC equipment and repair or replace as indicated

## MARYLAND NEIGHBORHOOD CONSERVATION INITIATIVE Application

- Wrap heat ducts as indicated
- Evaluate appliances and replace with Energy Star certified appliances as indicated
- Replace exterior doors and windows (or add storm windows) as indicated

As noted in the county's preliminary proposal, Montgomery County is estimating total average acquisition/rehab costs per unit of up to \$350,000. Properties will be acquired at a discount in conformance with program requirements. Of the \$350,000, we estimate average rehabilitation costs at \$40,000, which is consistent with our experience with older properties and designed to support the level of rehabilitation required for enhanced energy efficiency and in recognition of the intent to maintain the property as an affordable housing resource for the long-term. At an estimated total program cost of approximately \$13,100,000, we anticipate acquiring more than fifty (40) vacant, foreclosed upon properties. All property acquired using NSP/NCI funds will be eligible to be counted as creating an additional unit of affordable housing for households with incomes at 50 percent of area median income or less.

Based on the information provided by DHCD, effective November 24, 2008, Montgomery County expects to target NCI funds to areas where community need is designated as most severe or severe, with emphasis in Germantown, zip code 20874 and Aspen Hill/Wheaton in the Silver Spring zip code 20906.

### Germantown

Approximately twenty thousand households reside in zip code 20874. The most common housing type is single-family attached units at 44% of the stock and the next is Multi-family with 36% of households residing in this dwelling type. This compares to just 18% and 32% respectively countywide. The housing stock in this zip code is also considerably newer than most in the county with more than 80% built since 1980. Young families, often first-time homebuyers, were attracted to the area because of its relatively more affordable housing and good schools. The Germantown Master Plan is currently being updated and envisions the growth and development of Germantown's economic base and an enhanced town center to serve as a vibrant downtown for surrounding residential communities. The County has and continues to make substantial investments in Germantown infrastructure as well as public, recreational and arts facilities. For example, Germantown is home to the BlackRock Center for the Arts, the Maryland SoccerPlex, a \$19 million, 44,000 square foot library that opened in 2007 and a new \$5,000,000 business incubator center that opened in October, 2008, to support the growth of small biotechnology startups.

Montgomery Works Job Service has expanded its services to Germantown to assist residents with job placement and information, and the community is currently engaged in a "positive youth development" initiative bringing together community leaders, public and private providers, parents, youth, civic and faith-based, school and business representatives to identify and mobilize resources to create vital, quality support and opportunities for youth, including funding for youth employment and intensive services for at-risk or gang-involved youth.

Given the economic downturn and increase in foreclosure events, the County's Department of Health and Human Services has extended evening service hours at its Germantown location to

## MARYLAND NEIGHBORHOOD CONSERVATION INITIATIVE Application

work with residents needing housing stabilization, income support and other services, and nonprofit organizations, like Upper Montgomery Assistance Network and GermantownHelp, have seen an increase in requests from residents for eviction prevention services, food and assistance obtaining medications. Office space in the regional center is being provided for an on-site housing counselor to assist homeowners one-on-one, and the Montgomery County Bar Foundation has expanded its pro-bono legal services clinic to Germantown two nights a month to assist persons with bankruptcy, foreclosure and other legal needs.

Since 2007, the county has assisted nonprofit providers in creating 16 units of special needs housing, acquiring 6 properties for use as group homes and 2 other affordable housing acquisitions.

### Aspen Hill/Wheaton

The Aspen Hill/Wheaton area is in zip code 20906. As noted in the preliminary proposal, the county had already identified an area to the west of the Glenmont metro station in this zip code as a candidate for neighborhood revitalization and requested consideration from DHCD to expand the Wheaton/Long Branch/Silver Spring Community Legacy Grant area to include it given the number of foreclosure events there. The Community Legacy Grant application included a request for \$500,000 to establish a Homeownership Foreclosure Recovery Fund that would be directed here. Additionally, the county has a \$100,000 contract with Montgomery Housing Partnership (MHP), a non-profit Comprehensive Housing Development Organization with extensive experience in both neighborhood revitalization and affordable housing development to work directly with the community. Examples of these “community building” activities include neighborhood watch initiatives, community association support, and relevant information/resource referral, including foreclosure prevention.

# MARYLAND NEIGHBORHOOD CONSERVATION INITIATIVE

## Application

### PART C

#### COMMUNITY SUPPORT AND INVOLVEMENT

1. Describe the involvement of the community in the development of the application and the role of partners in the implementation of activities.
2. Attach letters of support for the projects identified in the application.

Affordable housing was identified by County Executive Isiah Leggett as a top priority of his administration, and one of his first actions upon taking office two years ago was to convene a broadly representative task force to make recommendations regarding actions aimed at increasing/preserving the supply of affordable housing. This spurred ever increasing interest by the community at large which has been discussing affordable housing issues regularly since then. At Town Hall meetings and in other venues, residents have expressed their desire to see their neighborhoods maintained through rigorous housing code enforcement and have educated themselves by attending community meetings regarding foreclosure prevention and predatory lending. This application is in keeping with these discussions and recommendations.

In our partnership with the Housing Opportunities Commission of Montgomery County (HOC), HOC will identify eligible properties with assistance from DHCA and real estate professionals, negotiate sales and secure NCI funding through DHCA for acquisition and rehabilitation. HOC will contract for and provide oversight of any rehabilitation work, with DHCA staff approving the scope of rehabilitation and providing technical assistance as needed. DHCA staff, in collaboration with the Office of the County Attorney, will prepare and execute agreements concerning the use of NSP funding, including all program requirements regarding income eligibility, affordability and reporting. Monitoring will be conducted by DHCA staff with expertise in monitoring federal programs, including CDBG and HOME Investment Partnership projects. Program files will be retained both by DHCA and HOC.

A letter of support from the Housing Opportunities Commission was submitted with the Preliminary Proposal. Additional letters of community support are attached.

# MARYLAND NEIGHBORHOOD CONSERVATION INITIATIVE

## Application

### PART D PROJECTS AND ACTIVITIES

Applicants are required to identify specific projects and activities to be undertaken in the grant application. Complete Part D #1 and #2 for each project with attached documentation, cost estimates and other relevant information.

Applicants are required to identify their priority projects on Part D #1.

For Part D #2, please identify specific types of activities and associated costs. For example, activities could include:

- Acquisition
- Settlement Costs
- Appraisal Costs
- Inspection Costs
- Project Administration

For projects involving demolition of blight, provide description of blight and photographs. Remember that blight is determined by local code.

# MARYLAND NEIGHBORHOOD CONSERVATION INITIATIVE

## Application

### PART D #1

Project Name: MONTGOMERY COUNTY NCI RENTAL INITIATIVE	Priority #: 1						
Project to be Carried Out By: Montgomery County Housing Opportunities Commission (partner) and Montgomery County Department of Housing & Community Affairs							
Project Address(es) (if Available), Census Tract, Block Groups and Zip Code: Project addresses not available; <b>targeted areas include Aspen Hill/Wheaton (Zip Code 20906) and Germantown (Zip Code 20874)</b> – census tracts and block groups for these zip codes are included in the attachments.							
Note: Funds may also be expended on other eligible properties in eligible areas (those identified by DHCD as being of most severe, severe and high need - including Zip Codes 20876, 20877, 20878, 20879, 20886, 20902, 20904)							
Project Description: Montgomery County will partner with the Housing Opportunities Commission (HOC), the local public housing authority, to assist HOC to acquire, rehabilitate and rent vacant, foreclosed upon properties to provide affordable rental housing. A minimum of 90 percent of the households served will have incomes at or below 50 percent of Area Median Income (AMI). Use of the HOME program standards will ensure continued affordability for NCI assisted housing, and the discount rate for acquisition will meet or exceed program requirements. NCI funds provided for acquisition and rehabilitation will be in the form of grants, and HOC expects to obtain private mortgage financing to leverage the funds provided. Currently no multi-family acquisitions are anticipated but may be included if appropriate opportunities present themselves.							
Project Implementation Schedule: (Assume grant awards in March 2009 and remember that an Environmental Review is required is required for every project) <table style="width: 100%; margin-top: 10px;"> <tr> <td style="width: 33%;"><u>Activity:</u></td> <td style="width: 33%;"><u>Begin Date:</u></td> <td style="width: 33%;"><u>End Date:</u></td> </tr> <tr> <td>Acquisition/ Rehabilitation</td> <td style="text-align: center;">*</td> <td style="text-align: center;">**</td> </tr> </table> <p>*Begin Date: March, 2009 or sooner. Should a waiver on pre-award expenditures be approved by HUD, and subsequently DHCD, the County is prepared to begin program implementation and property acquisition activities immediately upon notification of waiver approval.</p> <p>**End Date: Montgomery County fully expects to obligate all NCI funds within nine to twelve months and expend all funds within two years.</p>		<u>Activity:</u>	<u>Begin Date:</u>	<u>End Date:</u>	Acquisition/ Rehabilitation	*	**
<u>Activity:</u>	<u>Begin Date:</u>	<u>End Date:</u>					
Acquisition/ Rehabilitation	*	**					
National Objective(s): <div style="margin-left: 20px;"> <input checked="" type="checkbox"/> Housing (LMH) -            <input checked="" type="checkbox"/> Single Family            <input checked="" type="checkbox"/> Multi-Family*           <div style="margin-left: 20px;"> <input checked="" type="checkbox"/> Rental              <input type="checkbox"/> Owner Occupied           </div> </div> <div style="margin-left: 20px;"> <input checked="" type="checkbox"/> Limited Clientele (LMC) -            <input type="checkbox"/> Presumed           <div style="margin-left: 20px;"> <input checked="" type="checkbox"/> 51% of clientele are persons whose family is LMMI             <div style="margin-left: 20px;"> <input type="checkbox"/> Nature and location conclude area is primarily LMMI             </div> </div> </div> <div style="margin-left: 20px;"> <input type="checkbox"/> Area Benefit (LMA) – <u>N/A</u> %         </div> <div style="margin-left: 20px;">         Define boundaries of qualifying area:       </div>							



# MARYLAND NEIGHBORHOOD CONSERVATION INITIATIVE

## Application

### PART D #2

BUDGET					
Project Name: Montgomery County NCI Rental Initiative					
SPECIFIC ACTIVITY	NSP REQUEST	APPLICANT FUNDS	PARTNER FUNDS	OTHER*	TOTAL COST
Acquisition/rehab	\$7,000,000	\$2,073,965	\$3,500,000 (private mortgage financing/pending)	See OTHER Part D #2 continued	\$13,063,965  (plus additional local funds for ineligible costs, including carrying costs and operating expenses not yet determined)
Project Admin. (Cash)	\$490,000 (calculated at 7%)				
Project Admin. (In-Kind)	---0---				
General Admin. (In-Kind)	---0---				
TOTALS	\$7,490,000	\$2,073,965	\$3,500,000	\$ as noted below	\$13,063,965

## MARYLAND NEIGHBORHOOD CONSERVATION INITIATIVE Application

\* In this block, please identify the sources of other funds and state whether they are committed or pending:

OTHER Part D #2 continued:

Montgomery County considers the acquisition/rehabilitation and rental of vacant, foreclosed upon properties with NSP/NCI funds to be only one of a number of initiatives to address foreclosure events in the county. Funds supporting other relevant activities are noted below:

Homeownership Foreclosure Recovery Fund	\$500,000	State Community Legacy funds	Pending
Housing counseling, Bridge to Hope loans, Bank guarantees	\$2,700,000	County (matched by state)	Committed
Acquisition/rehab of vacant, foreclosed properties for subsequent sale	\$3,500,000	County (partnering with Habitat for Humanity)	Committed
Homeownership revolving loan fund	\$3,000,000	County	Under development
Housing counseling	\$20,000	County	Committed
Housing counseling	\$10,000	PNC bank	Committed
TOTAL		\$9,730,000	

# MARYLAND NEIGHBORHOOD CONSERVATION INITIATIVE

## Application

### PART E CAPACITY

1. Describe your agency's capacity to administer anticipated funds and complete proposed activities.
2. Describe experience administering state and federal grants, particularly CDBG grants.
3. Describe the capacity and experience of partners to execute proposed activities.

1. Montgomery County is ready to immediately begin committing funds upon approval and expects to commit all program funds within nine to twelve months. The county has a robust program for affordable housing activities and is considered a leader in providing affordable housing. Under the direction of Richard Y. Nelson, Jr., former Executive Director of the National Association of Housing and Redevelopment Officials, DHCA has an annual operating budget of \$42.4 million and administers housing code enforcement, community development, single- and multi-family housing, landlord-tenant services and a local housing trust fund in the amount of \$54 million for Fiscal Year 2009. More information about the Department of Housing & Community Affairs is available at our web site:

<http://www.montgomerycountymd.gov/apps/dhca/index.asp>

2. Montgomery County has administered an entitlement allocation of CDBG funds since the inception of the program more than 30 years ago. For FY2009, Montgomery County received \$5,067,818 in CDBG funding and uses this money to support a variety of housing, commercial revitalization and public service activities in compliance with federal requirements.

3. Montgomery County Housing Opportunities Commission (HOC), our primary partner, and local public housing authority, has a track record of owning, rehabilitating and managing scattered site housing for low-income county residents. HOC already has a program in place to acquire Moderately Priced Dwelling Units offered for resale and has a proven process in place to review offerings, inspect properties to create scopes of work and manage all acquisition, renovation and leasing activities. As such, HOC is already positioned to expand this successful model to acquiring vacant, foreclosed properties. Information about HOC may be found at their web site: <http://www.hocmc.org/>

# MARYLAND NEIGHBORHOOD CONSERVATION INITIATIVE

## Application

### PART F PROCUREMENT

1. Any procurement under this grant will be subject to federal procurement regulations. Please provide a summary of the procurement policy of the applicant. Public Housing Authorities must provide adhere to the policy of their local government.  
*(Do not attach a copy of local procurement policy.)*
2. Describe the types of procurement anticipated to be undertaken with these funds.

1. Montgomery County and HOC have been successfully administering federal funds for over thirty years and during that time have been annually monitored by HUD and found to be in compliance. All funded contracts include two specific procurement-related sections, Attachment III, General Conditions of Contract between County and Contractor specifies procurement details for all County funded contracts. Attachment III (General conditions) addresses (in part):

- |   |   |
|---|---|
| ▪ Accounting Systems and Record Keeping | ▪ Hazardous and Toxic Substances                |
| ▪ ADA compliance                        | ▪ HIPAA compliance                              |
| ▪ Contract Administration               | ▪ Immigration Reform and Control Act Compliance |
| ▪ Cost and Pricing Data                 | ▪ Indemnification                               |
| ▪ Disputes                              | ▪ Insurance                                     |
| ▪ Documents, Materials and Data         | ▪ Non-discrimination in Employment              |
| ▪ Guarantees                            | ▪ Termination                                   |

Attachment VI, Special Conditions, augments the County's General Conditions by adding all federally-mandated procurement components for CDBG funds. Compliance with the terms of both documents is a routine part of Montgomery County's CDBG contract administration process. Attachment VI (Federal Special Conditions) addresses (in part):

- |   |   |
|---|---|
| • Project income                        | • Subcontracting with minority firms      |
| • Financial management systems          | • Lead based paint                        |
| • Audit and inspection                  | • Compliance with federal regulations     |
| • Reporting requirements                | • Compliance with clean air and water act |
| • Affirmative action /equal opportunity | • Federal labor standards                 |

2. Montgomery County will use NCI funds for acquisition and rehabilitation of residential properties that are vacant, foreclosed upon/lender-owned (REO) through a partnership with HOC.

# MARYLAND NEIGHBORHOOD CONSERVATION INITIATIVE

## Application

PART G  
BUDGET

Please provide a summary of all project costs.

PROJECTS	NCI FUNDS	LOCAL LEVERAGE	OTHER FUNDING	TOTALS
ACQUISITION / REHAB	\$7,000,000	\$2,073,965	\$3,500,000 (Partner)	\$13,063,965
Total Project Administration Costs:	\$490,000*			
Total General Administration Costs:	*			
TOTALS:	\$7,490,000	\$2,073,965	\$3,500,000	\$13,063,965

\* Determination of project specific and general costs not yet fully made.